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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Application of Ameritech
Michigan Pursuant to Section
271 of the Telecommunications
Act of 1996 to Provide In-
Region, InterLATA Services in
Michigan

CC Docket No.

97-1

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Volume 2.7:
Affidavit of William C. Palmer
on Behalf of Ameritech Michigan

Supplemental Filing

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CC Docket No. _____

**AFFIDAVIT OF WILLIAM C. PALMER
ON BEHALF OF AMERITECH MICHIGAN**

STATE OF ILLINOIS)

) ss.

COUNTY OF COOK)

I, William C. Palmer, being first duly sworn upon oath, do hereby depose and state
as follows:

Qualifications

1. My name is William C. Palmer. I am Director of Economic Analysis at Ameritech Corporation. My business address is 225 West Randolph Street, Chicago, Illinois 60606.

2. Following service in the U.S. Army, I have been employed by Illinois Bell and Ameritech continuously since 1970. Between 1970 and 1978, I held various non-management assignments. In 1978, I was promoted to Assistant Manager in the firm's Economic Evaluation Department, now called the Public Policy Organization. Since that time, I have been promoted regularly to increasingly responsible positions. I became the

Director of Economic Analysis, my present position, in August 1994. I have testified as Ameritech's cost of service witness in Michigan Public Service Commission Case No. U-10860. I have also provided cost of service testimony in Illinois Commerce Commission Dockets 90-0466, 92-0448, 94-0096, and 95-0458. In addition, I have testified in arbitration proceedings pursuant to the Telecommunications Act of 1996 ("the Act") in Michigan, Wisconsin, Indiana, and Illinois.

3. As for my education, I received a Bachelor of Arts degree from Purdue University in 1977 and since have completed numerous graduate courses at the DePaul Graduate School of Business.

4. As Ameritech's Director of Economic Analysis, I am responsible for developing the methodological framework for the cost studies of Ameritech and its operating telecommunications subsidiaries. I have been principally responsible for the 1996 cost studies for network interconnection, unbundled network elements, local transport and termination, collocation, and resale.

Purpose

5. The principal purposes of my affidavit are:

- To explain the method by which Ameritech Michigan determined the forward-looking economic costs of network interconnection, unbundled network elements, local transport and termination, and collocation;
- To explain (i) how Ameritech Michigan determined wholesale discounts for resale services, and (ii) what these discounts are;

- To describe how the interim rates for network interconnection, unbundled network elements, local transport and termination, and collocation and interim wholesale discounts for resale services were established in the AT&T arbitration before the Michigan Public Service Commission ("MPSC"); and
- To demonstrate that these interim rates and discounts do not exceed (in the case of rates) the cost-based rates required by Section 252(d)(1) and (2) of the Act and are not lower (in the case of discounts) than those required by Section 252(d)(3).^{1/}

Prices For Network Interconnection, Unbundled Network Elements, Local Transport and Termination, and Collocation.

6. The Act requires that prices for interconnection, collocation and unbundled network elements be "based on the cost" of providing these elements, products and services, and "may include a reasonable profit." Section 252(d)(1). The local competition regulations of the Federal Communications Commission (the "Commission") specify that the appropriate "cost" on which these prices should be "based" is the forward-looking economic cost of providing such elements, products and services, that is, the sum of the total element long-run incremental cost ("TELRIC") and a reasonable allocation of forward-looking joint and common costs. 47 C.F.R. § 51.505(a).^{2/} The Commission held that the only "profit" to

^{1/} I also describe how the rates for structure and number portability contained in the AT&T/Ameritech Michigan interconnection agreement were determined.

^{2/} The Commission's use of the term "common costs" includes both joint (also called shared) and common costs. Local Competition First Report and Order, ¶ 676.

which the incumbent local exchange carrier is entitled is the forward-looking cost of capital used to calculate the TELRIC of the element, product or service in question.

7. The Act requires that the charges for local transport and termination recover the "costs" of transporting and terminating "calls that originate on the network facilities of the other carrier." Section 252(d)(2). The Commission's regulations specify that the term "costs" as used here has the same meaning and is to be determined in the same fashion as the "cost" on which prices for network interconnection, unbundled network elements and collocation are to be determined. See 47 C.F.R. § 51.705.

8. After passage of the Act, and in anticipation of the Commission's pricing regulations, beginning in June 1996, Ameritech Michigan performed cost studies designed to determine the forward-looking economic costs of unbundled network elements, network interconnection, collocation, and the transport and termination of local traffic. Although we correctly anticipated much of what was ultimately contained in the Commission's local competition Order, there were a few items that we had not anticipated and therefore had not reflected in the ongoing cost studies. Accordingly, following the issuance of the Commission's Local Competition First Report and Order and its accompanying regulations on August 8, 1996, Ameritech Michigan revised its studies to ensure (i) that they conformed precisely to the rules and principles enunciated in the Commission's Order, and (ii) that they included all elements, products and services that the Commission required to be made available to competing carriers under Section 251 of the Act.

9. The risk-adjusted forward-looking cost of capital used in these TELRIC studies reflected our best estimate of the risk characteristics of the increasingly competitive

environment Ameritech Michigan will confront in the coming months. The measure of risk used to determine the appropriate cost of capital (known as the beta coefficient), however, has proven to be too low. The beta we selected was 1.15; recently, however, Dow Jones has reported that Ameritech's beta is 1.2283 — indicating that, if anything, we had aimed too low and that our cost of capital assumption was lower than it should have been, which indicates that the resulting cost numbers may be below true economic levels.

10. With respect to depreciation, we selected lives slightly shorter than those used historically (i) in Michigan (and other states in the Ameritech region) for retail TSLRIC (total service long run incremental cost) studies and (ii) by Ameritech generally for financial reporting purposes. These depreciation assumptions modestly increased costs over what they would have been had we used the historical rates. But we concluded that it was necessary to alter these rates to accurately reflect "economic depreciation rates." 47 C.F.R.

§ 51.505(b)(3). As competition intensifies, it is reasonable to expect that the pace of technological change will quicken. More rapid technological change means that capital assets (for example, switching and outside plant) will become obsolete more quickly, which of course means that economic lives will become shorter.

11. With respect to utilization or "fill," Ameritech Michigan chose to use "target" or "objective" fill factors, rather than the "reasonable projection of actual usage" prescribed by the Commission (Local Competition First Report and Order, ¶ 682). The "target" represents optimum use of the facilities and is, in virtually all cases, significantly higher than both actual usage at the present time and Ameritech Michigan's projection of actual usage in the near future. This of course makes for lower costs than those that would have resulted

had Ameritech Michigan adhered strictly to the Commission's prescription. Ameritech Michigan adopted this conservative approach because it was concerned that use of a "reasonable projection of actual usage" — although completely justified by both the Commission's Order and basic economic principles — would have yielded rates that would have been criticized as "too high" by competing carriers.

12. With respect to joint and common costs, Ameritech Michigan retained a team of independent consultants from Arthur Andersen to conduct a thorough study of Ameritech Michigan's joint and common costs and to allocate those costs to the individual elements, products and services at issue in a manner consistent with the Commission's prescribed allocation methodology (see, e.g., Local Competition First Report and Order, ¶ 696). The results of Arthur Andersen's work are conservative. Among other things, the joint and common costs allocated to unbundled network elements, interconnection, collocation, and local transport and termination do not include any capital costs — although there certainly are significant capital costs in those categories that could and reasonably should have been included and allocated. This means that the joint and common costs used to determine Ameritech Michigan's forward-looking economic costs necessarily understate actual costs.

13. We did not include any historical, embedded, residual, retail, or opportunity costs in our cost studies or the proposed rates that resulted from these studies. Nor did we include any reasonable economic profit over and above the cost of capital included in the TELRICs.

14. The results of these TELRIC cost studies were submitted to the MPSC in the AT&T arbitration as well as in separate dockets established by the MPSC to set temporary

rates for certain of the elements, products and services in issue. In these separate dockets, on September 12, 1996, the MPSC rejected our cost studies, primarily because they employed assumptions, including in particular cost of capital and depreciation assumptions, that varied from those used historically in Michigan TSLRIC studies related to retail services. In response to this action of the MPSC, Ameritech Michigan "redid" its cost studies by changing two sets of assumptions. First, Ameritech Michigan changed its cost of capital to the lower rate used in the retail TSLRIC studies. Second, it lengthened the depreciation lives to make them consistent with those used in those TSLRIC studies. The effect of these changes was to drive down costs and the resulting proposed rates. Specifically, the effect of these changes was to reduce the resulting proposed rates by 15-20%. For example, the monthly rate for basic voice-grade loops in rate band A fell from \$14.55 to \$12.59 — as compared to the Commission's proxy rate for Michigan of \$15.27 (47 C.F.R. § 51.513(c)(1)). These new, lower rates were then proposed and submitted in the AT&T arbitration.

15. The MPSC, however, rejected Ameritech Michigan's proposed rates — both the original ones and the modified, lower rates. Instead the MPSC adopted as interim rates in the AT&T/Ameritech Michigan interconnection agreement:

- Interim rates approved by the MPSC in separate dockets (U-11155 and U-11156) for unbundled loops, unbundled ports, number portability, and transport and termination of local traffic;
- Where the U-11155/56 dockets did not provide rates, rates proposed by AT&T in the arbitration (which are lower than rates determined in

accordance with the methodology employed by the MPSC in U-11155/56); and

- For certain items (i.e., dedicated and shared transmission, signaling, call-related data bases and collocation), rates based on Ameritech Michigan's access tariffs, in accordance with the Commission's regulations establishing appropriate interim proxy rates for these items (see 47 C.F.R. § 51.513(c)(3), (4), (6) and (7)).

16. With respect to the U-11155/56 rates, these were determined by changing Ameritech Michigan's modified or amended TELRIC studies in two respects: (i) non-volume sensitive costs were eliminated and (ii) all joint and common costs were excised. The resulting rates are well below even a highly conservative estimate of Ameritech Michigan's forward-looking economic costs. For example, the rate in the AT&T/Ameritech Michigan interconnection agreement for basic voice-grade loops in rate band A is \$9.31; by comparison the proposed rate based on Ameritech's initial TELRIC study is \$14.55, and the proposed rate based on the modified or amended TELRIC study is \$12.59. Thus, the rate established by the MPSC — and now available to all competing carriers in Michigan — is more than 25% less than the rate based on the modified or amended TELRIC study and about 40% less than the Commission's own proxy rate.

17. The MPSC's order resolving the AT&T/Ameritech Michigan arbitration did not establish interim rates for certain elements, products and services (e.g., certain non-basic loops and non-basic ports). To fill these "gaps," Ameritech Michigan proposed to AT&T that the parties agree to insert into their agreement interim rates for these elements, products

and services determined in accordance with the methodology employed by the MPSC in the U-11155/56 dockets. I am informed that AT&T agreed to this proposal. In addition, we observed that the interim rates based on the access tariffs were higher in many cases than both rates based on our modified or amended TELRIC study and rates determined in accordance with the methodology employed by the MPSC in the U-11155/56 dockets.

Accordingly, to achieve greater methodological consistency, Ameritech Michigan proposed to AT&T that the parties agree that, for all items for which interim rates had been set based on the access tariffs, AT&T be given the option of selecting either the rates based on the access tariffs or rates determined in accordance with the methodology employed by the MPSC in the U-11155/56 dockets. I am informed that AT&T also agreed to this proposal.

18. I have been informed that AT&T has purported to withdraw its agreement to both of the pricing modifications referred to in the immediately preceding paragraph. Accordingly, the AT&T/Ameritech Michigan interconnection agreement on file with the MPSC at this time does not reflect these agreed-to pricing modifications. Ameritech Michigan has prepared an amendment to the interconnection agreement that incorporates both of these pricing modifications. This amendment has been submitted to AT&T, and Ameritech Michigan intends to file it in due course to the MPSC for formal approval. A copy of this amendment is attached hereto as Exhibit 1. It is Ameritech Michigan's position that all of the rates contained in this amendment conform to the methodology employed and approved by the MPSC in the U-11155/56 dockets, have been agreed to by AT&T, and are currently available to AT&T and, upon request, to all competing carriers in Michigan.

19. Based on the foregoing, it is clear that the interim rates now available to AT&T and, upon request, to all competing carriers throughout Michigan do not exceed the cost-based prices required by Section 252(d)(1) and (2) of the Act. Attached to this Affidavit as Exhibit 2 is a table that compares, for each of the principal elements, products and services covered by that agreement, (a) rates based on Ameritech Michigan's modified or amended TELRIC study (which include a reasonable allocation of joint and common costs), (b) the interim rates established by the MPSC and contained in the AT&T/Ameritech Michigan interconnection agreement, and (c) where applicable, the alternative rates reflected in the agreements described in paragraph 17 of this Affidavit. It is my understanding that the MPSC has initiated a docket that will establish "permanent" rates for all of the elements, products and services covered by the AT&T/Ameritech Michigan interconnection agreement, and that this docket will be concluded no later than June 1997, at which time these "permanent" rates will, by order of the MPSC, be inserted into that interconnection agreement.

Wholesale Discount Rates for Resale Services

20. The Act requires that wholesale rates be determined "on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided." Section 252(d)(3). The interconnection regulations issued by the Commission on August 8, 1996 contain provisions amplifying and elaborating on this pricing standard. See, e.g., 47 C.F.R. § 51.609. Following the issuance of those regulations, Ameritech Michigan performed an avoided cost study that complied fully with the Commission's rules and

principles. This study yielded service-specific discounts for each of the telecommunications services that the Act requires Ameritech Michigan to make available for resale. Ameritech Michigan used the results of this study to propose wholesale discounts in the AT&T arbitration. The discounts proposed were based on the study results and reflected a weighted average discount of 12.9%. The MPSC, however, rejected Ameritech Michigan's proposed discounts and adopted instead a single discount of 22% applicable to all services. Specific prices resulting from this across-the-board 22% discount have been incorporated in the AT&T/Ameritech Michigan interconnection agreement. In light of the foregoing, it is clear that the wholesale prices set out in the AT&T/Ameritech Michigan interconnection agreement do not exceed — and the discounts on which they are based are not lower than — those required by Section 252(d)(3) of the Act.

Poles, Ducts, Conduit, and Rights-of-Way

21. With regard to rates for access to poles, ducts, conduit, and rights-of-way, Ameritech Michigan offers rates that comply with Section 224(d) of the Act, as required by Section 251(b)(4) of the Act. For conduit, we use the methodology set forth by the Commission in Docket 96-181, where the Commission addressed calculation of total and usable duct space, occupied conduit, and administrative, depreciation, maintenance, and tax expenses. For pole attachments, we comply with the Commission's methodology as set forth in Docket No. 86-212. With respect to rights-of-way, Ameritech Michigan determines costs on a case-by-case basis in accordance with the methodology set forth in Section 224(d) of the Act. Ameritech Michigan's approach to the pricing of structure was adopted by the MPSC

in its Ameritech-AT&T arbitration decision and has been incorporated in the AT&T/Ameritech Michigan interconnection agreement.

Interim Number Portability

22. Ameritech Michigan is offering interim Service Provider Number Portability at rates established by the MPSC, using a TSLRIC-based methodology, in Case U-11155 (December 12, 1996). In Ameritech Michigan's interconnection agreements with Brooks Fiber and MFS, the parties agreed to bill competing providers for interim number portability charges, but to defer collection of such amounts subject to establishment by the MPSC or the FCC of a methodology for the competitively neutral recovery of costs. This arrangement was approved by the MPSC in its Order approving the MFS interconnection agreement. See Order, Case U-11098, at 2-3 (Dec. 20, 1996). The same rates (and same arrangement) are incorporated in the MPSC-approved AT&T/Ameritech Michigan interconnection agreement.

I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

William C. Palmer

William C. Palmer

Subscribed and sworn before me this 16th JANUARY, 1997.
~~of December, 1996.~~

Monika Castiglioni

Notary Public



My Commission expires: _____

Item	Ameritech TELRIC Price			Executed Contract Price			First Contract Amendment Price		
I. Reciprocal Compensation									
A. End Office Local Termination	\$0.004954			\$0.003637			\$0.003637		
B. Tandem Switching	\$0.001013			\$0.000744			\$0.000744		
C. Tandem Transport Termination	\$0.000322			\$0.000236			\$0.000236		
D. Tandem Transport Facility Mileage	\$0.000008			\$0.000006			\$0.000006		
II. Busy Line Verification & Busy Line Verification Interrupt Traffic									
A. Busy Line Verification (BLV)	\$0.713517			\$0.47 per use			\$0.47 per use		
B. Busy Line Verification Interrupt (BLVI) (in addition to BLV charge)	\$0.875498			\$0.58 per use			\$0.58 per use		
III. Unbundled Network Elements									
A. Unbundled Loop Rates									
1. Recurring Rates									
2 Wire Analog	A	B	C	A	B	C	A	B	C
Basic (Business or Residence)	\$12.59	\$15.12	\$17.95	\$9.31	\$11.84	\$14.67	\$9.31	\$11.84	\$14.67
Ground Start	\$13.40	\$16.41	\$19.07	\$10.12	\$13.13	\$15.79	\$10.12	\$13.13	\$15.79
Electronic Key Line	\$17.91	\$23.68	\$25.38	\$14.63	\$20.40	\$22.10	\$14.63	\$20.40	\$22.10
4 Wire Analog	\$25.61	\$33.19	\$37.98	\$22.63	\$29.91	\$34.70	\$22.33	\$29.91	\$34.70
Digital	A	B	C	A	B	C	A	B	C
ISDN	\$14.46	\$18.12	\$20.54	\$11.18	\$14.84	\$17.26	\$11.18	\$14.84	\$17.26
4-Wire 64 Kbps	\$81.73	\$82.09	\$81.99	TBD	TBD	TBD	\$54.23	\$54.20	\$54.06
4-Wire 1.544 mbps	\$140.51	\$145.86	\$156.66	TBD	TBD	TBD	\$101.92	\$77.19	\$69.79

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
Cross Connect Charge (Additional, per Cross Connect)						
2-Wire	\$0.20		TBD		\$0.15	
4-Wire	\$0.40		TBD		\$0.30	
6-Wire	\$0.59		TBD		\$0.45	
8-Wire	\$0.79		TBD		\$0.60	
DS1	\$6.79		TBD		\$0.42	
DS3	\$1.00		TBD		\$0.76	
Service Coordination Charge	\$0.97		\$0.74		\$0.74	
2. Non-Recurring Rates						
Service Order -- Establish/Change	\$49.94		\$38.44		\$38.44	
Line Connection (Business or Residence)	\$42.56		\$32.76		\$32.76	
B. NID	No Charge		No Charge		No Charge	
C. Switching						
1. Unbundled Local Switching	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly
a. Custom Routing (per switch)	\$262.06	---	TBD	---	\$202.44	---
b. ULS Ports						
Line Side Port without Vertical Features				\$0.54		\$0.54
Basic Line Port, per port	\$61.23	\$7.29	\$47.30	\$2.12	\$47.30	\$2.12
Ground Start Line Port, per port	\$61.23	\$7.87	\$47.30	\$2.57	\$47.30	\$2.80
ISDN-Direct Port (per port)	\$61.23	\$37.49	TBD	TBD	\$47.30	\$2.57
per telephone number	----	\$0.01	---	TBD	---	\$0.01

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly
1. Unbundled Local Switching (Cont'd.)						
DID Trunk Port (per port)	\$61.23	\$16.44	TBD	TBD	\$47.30	\$12.70
per telephone number	---	\$0.01	---	TBD	---	\$0.01
add/rearrange each termination	\$27.78	---	TBD	---	\$21.47	---
ISDN Prime Trunk Port (per port)	\$730.49	\$179.00	TBD	TBD	\$564.31	\$138.28
per telephone number	---	\$0.01	---	TBD	---	\$0.01
add/rearrange channels	\$27.78	---	TBD	---	\$21.47	---
Digital Trunking Trunk Port, per port	\$730.49	\$134.17	TBD	TBD	\$564.31	\$103.64
Custom Routing Port	\$730.49	\$116.74				
per port	---	---	TBD	TBD	\$671.49	---
per individual trunk termination	---	---	TBD	TBD	---	\$107.31
Centrex Basic Line Port, per port	\$61.23	\$12.97	TBD	TBD	\$47.30	\$10.02
Centrex ISDN Line Port, per port	\$61.23	\$61.81	TBD	TBD	\$47.30	\$47.75
Centrex EKL Line Port, per port	\$61.23	\$37.85	TBD	TBD	\$47.30	\$29.24
Centrex Attendant Console Line Port, per port	\$122.46	\$118.36	TBD	TBD	\$94.60	\$94.44
c. Centrex System Charges						
System Features, per common block	---	\$415.55	---	TBD	---	\$320.25
Common Block establishment, each	\$445.03	---	TBD	---	\$343.79	---
System features change or rearrangement, per feature, per occasion	\$58.98	---	TBD	---	\$45.57	---
System feature activation, per feature, per occasion	\$246.28	---	TBD	---	\$190.26	---

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly
2. Service Charges						
Initial Service Ordering Charges						
Line port, per occasion	\$15.98	---	\$12.34	---	\$14.69	---
Trunk port, per occasion	\$381.69	---	TBD	---	\$294.86	---
Subsequent Service Ordering Charges, per occasion	\$15.98	---	\$12.34	---	\$12.34	---
Record Order, per occasion	\$16.59	---	TBD	---	\$12.81	---
Conversion charge (change from one type of line port to another, per each changed)	\$56.25	---	TBD	---	\$43.46	---
Ameritech Cross-Connection Service per carrier transport facility						
2-Wire (Line port) each	---	\$0.20	---	TBD	---	\$0.15
DS1 (Trunk port), each individual trunk	---	\$0.54	---	TBD	---	\$0.42
3. Service Coordination Fee (per carrier bill, per switch)	---	\$0.97	---	\$0.74	---	\$0.74
4. Subsequent Training (per Company person, per hour)	\$76.35	---	TBD	---	\$58.98	---
5. Daily Usage Feed (per record)	\$0.000898				\$0.000696	
6. ULS Usage (Billing Development)	\$33,668.81	---	TBD	---	\$26,009.62	---
per minute of use or fraction thereafter	\$0.00348 per minute					
initial minute	---		\$0.0054 per minute		\$0.0065 per minute	
each additional minute	---		\$0.0017 per minute		\$0.0022 per minute	

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly
7. Unbundled Tandem Switching						
Tandem Trunk (DS1)	---	\$129.52	---	TBD	---	\$99.91
Unbundled Trunk Port Features	---	\$23.80	---	TBD	---	\$18.36
Service Order Charge	\$379.62	---	TBD	---	\$292.86	---
Line Connect Charge per DS1	\$734.02	---	TBD	---	\$566.26	---
Subsequent Changes	\$27.82	---	TBD	---	\$21.47	---
Usage without Tandem Trunks (per minute)	---	\$0.00069	\$0.00060		---	\$0.00053
D. DS1 Rates						
	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring
1. Entrance Facility (per point of termination, terminating bit rate 1.544 Mbps)						
Zone 1	\$132.55	---	\$149.85	---	\$101.92	---
Zone 2	\$100.69	---	\$154.85	---	\$77.19	---
Zone 3	\$91.22	---	\$166.50	---	\$69.79	---
2. Interoffice Mileage Termination						
Per point of termination						
Zone 1	\$18.38	---	\$62.00	---	\$13.28	---
Zone 2	\$18.38	---	\$62.00	---	\$13.28	---
Zone 3	\$18.38	---	\$62.00	---	\$13.28	---
Per mile for 1.544 Mbps						
Zone 1	\$1.75	---	\$20.60	---	\$1.26	---
Zone 2	\$1.75	---	\$20.60	---	\$1.26	---
Zone 3	\$1.75	---	\$20.60	---	\$1.26	---

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring
3. Optional Features and Functions						
Clear Channel Capability (per 1.544 Mbps Circuit Arranged)						
Zone 1	---	\$403.97	---	\$350.00	---	\$313.16
Zone 2	---	\$403.97	---	\$350.00	---	\$313.16
Zone 3	---	\$403.97	---	\$350.00	---	\$313.16
4. Interconnection Central Office Multiplexing (DS1 to Voice/Base Rate/128.0, 256.0, 384.0 Kbps Transport)						
Zone 1	\$390.58	---	\$471.67	---	\$302.78	---
Zone 2	\$390.58	---	\$471.67	---	\$302.78	---
Zone 3	\$390.58	---	\$471.67	---	\$302.78	---
E. DS3 Rates						
1. Entrance Facility (per point of Termination) for DS3 with Electrical Interface						
Zone 1	\$864.65	---	\$2,070.00	---	\$654.74	---
Zone 2	\$974.25	---	\$2,139.00	---	\$739.13	---
Zone 3	\$955.48	---	\$2,300.00	---	\$723.42	---
2. Interoffice Mileage Termination						
Per point of termination						
Zone 1	\$178.50	---	\$352.28	---	\$131.39	---
Zone 2	\$178.50	---	\$352.28	---	\$131.39	---
Zone 3	\$178.50	---	\$352.28	---	\$131.39	---

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring
2. Interoffice Mileage Termination (Cont'd.)						
Per mile						
Zone 1	\$35.36	---	\$108.66	---	\$26.28	---
Zone 2	\$35.36	---	\$108.66	---	\$26.28	---
Zone 3	\$35.36	---	\$108.66	---	\$26.28	---
3. Optional Features and Functions						
a. Interconnection--Central Office Multiplexing (per arrangement, DS3 to DS1)						
Zone 1	\$448.14	---	\$620.00	---	\$347.39	---
Zone 2	\$448.14	---	\$620.00	---	\$347.39	---
Zone 3	\$448.14	---	\$633.40	---	\$347.39	---
F. OC-3 Rates						
1. Entrance Facility (per point of termination, terminating bit rate 155.52 Mbps)	\$386.78	---	\$1,607.00	---	\$299.83	---
2. Interoffice Mileage Termination						
Per Point of Mileage Termination, 155.52 Mbps	\$405.90	---	\$469.00	---	\$314.65	---
Interoffice Mileage Per Mile 155.52 Mbps	\$234.77	---	\$250.00	---	\$181.99	---
3. Optional Features and Functions						
a. OC-3 Add/Drop Multiplexing (per arrangement)	\$657.61	---	\$1,107.00	---	\$509.77	---

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring
3. Optional Features and Functions (Cont'd.)						
b. Add/Drop Function						
Per DS3 Add or Drop	\$147.56	---	\$120.00	---	\$114.39	---
Per DS1 Add or Drop	\$45.58	---	\$50.00	---	\$35.33	---
c. 1+1 Protection (per OC-3 Entrance Facility)	\$58.37	---	\$57.00	---	\$45.25	---
d. 1+1 Protection with Cable Survivability (per OC-3 Entrance Facility)	\$58.37	\$2,873.27	\$57.00	\$500.00	\$45.25	\$2,227.34
e. 1+1 Protection with Route Survivability						
(1) Per OC-3 Entrance Facility	\$58.37	\$2,873.27	Add Rates and Charges as (c) above plus (2) below		Add Rates and Charges as (c) above plus (2) below	
(2) Per Quarter Route Mile	\$48.03	---	\$50.00	---	\$37.23	---
f. Cross Connection of Service OC-3 to OC-3 Cross Connect	\$107.83	---	\$104.00	---	\$83.59	---
G. OC-12 Rates						
1. Entrance Facility (per point of termination terminating bit rate 622.08 Mbps)	\$624.83	---	\$4,000.00	---	\$484.36	---
2. Interoffice Mileage Termination						
Per point of mileage termination 622.08 Mbps	\$689.75	---	\$700.00	---	\$534.69	---
Interoffice Mileage per mile 622.08 Mbps	\$426.96	---	\$500.00	---	\$330.98	---

Item	Ameritech TELRIC Price		Executed Contract Price		First Contract Amendment Price	
	Monthly	Non-Recurring	Monthly	Non-Recurring	Monthly	Non-Recurring
3. Optional Features and Functions						
a. OC-12 Add/Drop Multiplexing (per arrangement)	\$736.79	---	\$2,750.00	---	\$571.16	---
b. Add/Drop Function						
Per OC-3 Add or Drop	\$205.56	---	\$150.00	---	\$159.35	---
Per DS3 Add or Drop	\$44.58	---	\$120.00	---	\$34.36	---
c. Cross-Connection of Service OC-12 to OC-12 Cross Connect (per circuit)	\$568.38	---	\$550.00	---	\$440.61	---
d. 1+1 Protection (per OC-12 Entrance Facility)	\$288.74	---	\$250.00	---	\$223.83	---
e. 1+1 Protection with Cable Survivability (per OC-12 Entrance Facility)	\$288.74	\$2,873.27	\$250.00	\$600.00	\$223.83	\$2,227.34
f. 1+1 Protection with Route Survivability						
(1) Per OC-12 Entrance Facility	\$288.74	\$2,873.27	Add Rates and Charges as (c) above plus (2) below		Add Rates and Charges as (c) above plus (2) below	
(2) Per Quarter Route Mile	\$42.80	---	\$75.00	---	\$33.18	---
H. OC-48 Rates						
1. Entrance Facility (per point of termination, Terminating bit rate 2488.32 Mbps)	\$2,616.34	---	\$8,000.00	---	\$2,028.17	---
2. Interoffice Mileage Termination						
Per point of mileage termination 2488.32 Mbps	\$1,595.77	---	\$1,575.00	---	\$1,237.03	---
Interoffice Mileage per mile 2488.32 Mbps	\$299.55	---	\$550.00	---	\$232.21	---